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## B2 KARTING AUSTRALIA BOARD CHARTER

Scheduled Reviewed

As Required

Date of Board Approval

17 February 2015

Last Board Review: 11 November 2019

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### Introduction

The Australian Karting Association Ltd trading as Karting Australia (“KA” or the “Company”) is governed under the *Corporations Act 2001* (Cth) and other associated corporate law and the Constitution.

This Charter is subservient to the Constitution and the *Corporations Act 2001* (Cth), to the extent of any inconsistency. KA is the governing body for the sport of Karting in Australia. The power and authority to organise and control the sport within Australia has been delegated to the Company by the Federation of Internationale de l'Automobile (**FIA**) through the Confederation of Australian Motorsport (**CAMS/Motorsport Australia**).

The Board seeks to ensure that its corporate governance obligations are maintained at an appropriately high standard of accountability. This includes structures and processes in relation to decision-making and accountability, which control its behaviour and enhance its performance.

To support this, the following principles are adopted by the Board:

### Role of the Board

1. The primary function of the Board of the Company, in accordance with its Constitution, is to oversee the management of KA and to ensure the effective promotion, administration and control of Karting in Australia.
2. The Board of KA is responsible for providing corporate and strategic governance to the organisation. The organisation is essentially one which must service the needs of its members and other stakeholders and concurrently promote and regulate karting activity across a spectrum ranging from recreational, club and amateur competition to elite Karting activity.
3. The Directors are required to understand the needs of the organisation and their legal responsibilities as Directors. If appointed because of special skills (for example financial, legal, marketing), Directors are expected to contribute those skills to the Board and the organisation.
4. In addition to this are the general key functions of all Boards, which are to monitor the performance of the management of the organisation and adopt an annual budget, ensure that internal control systems are in place, and monitor the progress and results associated with these functions.
5. The role of a Board and its Directors is to give direction to the organisation and to accept initial responsibility for its management. It is not the Directors' role to take part in the day-to-day management of the organisation.
6. The Board has collective authority. Individual Board Directors have no authority unless specifically delegated and minuted by the Board. In this case they are enacting the collective authority of the Board not their own individual authority.

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### Duties of Directors

The Directors will at all times act in accordance with the law, including but not limited to:

1. act in good faith in the best interests of the organisation and for a proper purpose;
2. to avoid conflicts of interest;
3. act as an independent member of the Board;
4. bring an independent mind to decisions;
5. exercise care and diligence (including taking steps to ensure each is properly informed and has a proper understanding of the position of KA financially and in relation to work, health and safety);
6. not to misuse position or information;
7. not gain an advantage for themselves or someone else;
8. ensure that the organisation does not operate while insolvent.

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### Role of the Chair

An effective Chair creates the conditions for the Board and individual Directors to carry out their duties and functions effectively. The role of the Chair is to:

1. behave in a professional manner at all times;
2. provide coherent leadership of the Board to engender a cohesive and effective team;
3. establish an effective working relationship with the Chief Executive Officer;

4. promote effective relationships and open communication, both internal and external to the Boardroom between Directors, management and the Member States,
5. address the development needs of the Board as a whole with a view to enhancing its overall effectiveness including identifying and meeting the development needs of individual Directors;
6. promote a high standard of governance and be reasonably satisfied that Directors take proper account, and adhere to, statutory and other compliance and probity requirements;
7. provide a clear structure for the effective running of Board meetings and conduct meetings of the Board so as to facilitate the full participation of Directors;
8. ensure the discussion at meetings is on issues that, according to the Constitution and KA policies, clearly belong to the Board to decide, and do not impinge on the role of the CEO;
9. manage appropriately any declared or perceived conflicts of interest and/or potential conflicts of interest;
10. represent the Board to external parties as an official spokesperson for the Board and KA;

The Chair may delegate authority but always remains accountable for its use.

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### Board Code of Ethics

The Directors consider there are certain fundamental ethical values that underpin their role as Directors of the Company and as members of its Board and its Committees. Directors will therefore:

1. act with integrity and good faith;
2. be honest and open with each other at all times;
3. treat each other with professionalism, courtesy and respect allowing reasonable opportunity for others to put forward their views;
4. not improperly influence other Board members or management;
5. declare to the Chair and the Board any conflicts of interest, both actual, potential and perceived;
6. work co-operatively among themselves and with management in the best interests of the Company;
7. recognise the separate roles and responsibilities of the Board and Management, including any concurrent or exclusive delegations;
8. develop an understanding of the role and functions of the Company;
9. be diligent and continuously strive to improve the Board's operation;
10. observe the spirit as well as the letter of the laws under which the Company operates;
11. not improperly use information;
12. not allow personal interests or the interests of associated persons to conflict with the interests of the organisation;
13. avoid any behaviour that is likely to bring the Board or the Company into disrepute;
14. make reasonable enquiries in order to ensure that the organization is operating efficiently and towards its objectives;
15. devoting sufficient time to the organisation and fully preparing for Board meetings;
16. Maintain KA's solidarity - be prepared to consider and debate matters within the confines of the Board, with informed and meaningful arguments, and to publicly support KA's ultimate decisions.
17. Should not publicly voice any negative comments or individual opinions relating to the CEO, staff, fellow Directors or any Company matter or issue;
18. Should respect the confidentiality of sensitive issues or business items under negotiation or discussion.

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### Matters Requiring Board Action

A variety of matters require Board consideration, oversight and action and are not within the authority delegated to the Chief Executive Officer. Specifically, the following are the Board's responsibility:

1. The appointment of the Chief Executive Officer;
2. Review the performance of the Chief Executive Officer annually. The Chair will undertake a formal performance appraisal with the CEO and will consult with the Board as part of the evaluation;
3. Replace the Chief Executive Officer when necessary;
4. The remuneration of, and delegation of authority to the Chief Executive Officer and general approval of policies relating to the Chief Executive Officer's sub-delegation;
5. Adoption of annual business plans and budgets and approval of longer-term strategic plans for the Company;
6. Oversight and review of corporate strategy, performance and legal compliance throughout the Company for all of its activities; including consideration of regular reports from management on the financial and operational performance of the Company against agreed performance targets;
7. Review of management's performance
8. Approval of all Financial Statements including Directors' Reports;
9. Approval of the Annual Report and any other significant report which the Chief Executive Officer or Chair consider need Board approval;

10. Approval, oversight and review of all policies and procedures specifically requiring Board Approval as designated by the "Board Authority Delegation" Policy including:
  - Audit and compliance functions and their performance;
  - Internal control and corporate governance functions and their performance;
  - Remuneration policies and performance;
  - The Company's risk management and compliance framework; and
11. Elect the Chair and any appointed Directors according to the Constitution
12. Approve the Competition Rules to govern the sport;
13. Appoint the CIK Delegate every year;
14. Appoint and remove as necessary, Directors, Officials or members;
15. Other matters which by law or under legislation must be dealt with by the Board.

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### General Principles Concerning Management

1. The Board should not itself manage the Company as this responsibility is delegated to the Chief Executive Officer. However, the Board must put in place policies, procedures and structures so that it is able to discharge its role of bearing ultimate responsibility for KA.
2. The Board must set the framework within which the Company operates and, to an appropriate degree, oversee and supervise its operations.
3. As well as having the ultimate responsibility for the operations of the Company, the Board must be aware of and have due respect to the obligations of the Company as a matter of general law or as a result of particular obligations imposed under relevant legislation including the Corporations Act and relating to work health and safety.
4. The formal delegation of management authority is to the Chief Executive Officer, who will be the prime source of information to the Board.
5. Subject to the oversight of the Board, it is for the Chief Executive Officer, acting within his or her delegated authority, to determine how to conduct the management of the Company.
6. The Board must:
  - be satisfied with management's plans for carrying on and developing its activities;
  - ensure that management will seek authority to undertake material changes to those agreed plans;
  - place limits on the extent to which management can commit resources or dispose of assets or raise funds without specific approval;
  - ensure that it is kept well informed of progress and events which might significantly affect the Company;
  - monitor, so far as it reasonably can, the performance of those senior members of management on whom it is relying for the proper management of the business and its key component parts; and
  - be aware of any significant risks to employees, the Company's standing, profit and assets and endorse management's action plans to mitigate such risks.

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### Stakeholder Engagement

1. Optimising the strategic engagement with Members and stakeholders is the prime responsibility of the Chair and the CEO with the planned assistance of other individual Directors as required.
2. Working with stakeholders and managing the relationships, partnerships and networks on a day-to-day are the business of the CEO.
3. The CEO will address:
  - Developing and maintaining contacts in media and government
  - Documenting and disseminating information to key decision makers
  - Positioning and aligning KA with other similar bodies
  - Developing a good working knowledge of media and government.
  - Lobbying and public relations opportunities
  - Developing business networks and working to promote the reputation of KA are important ways for Members to add value to KA.

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### Communication with Media

1. The Chair of the Board is the only board member authorised to communicate directly with the media. In circumstances where other board members are asked to provide comment, they should refer the media representative to the Chair or the CEO.
2. The Chair and the CEO may agree to delegate responsibility for media comment to specific employees in relation to certain limited areas of KA activity.

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### Communication with internal parties and non-media external parties

1. Communication with internal parties within KA (e.g. staff) should ordinarily be undertaken through the Chair or CEO.
2. In relation to external parties other than the media, it is recognised that Board members may have periodic contact with such parties as a result of attending KA events or due to their other involvement in karting or motorsport. Board members should exercise discretion in such circumstances to avoid making any comment that may be purported as expressing the view of the Board as a whole, except with prior permission of the Chair or the Board.

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### Independent Professional Advice

1. If, in furtherance of a Director's duties to the Company, the Director obtains independent professional advice, the Company will meet the reasonable costs of such advice provided that:
  - the Chair of the Board gave prior approval to the obtaining of the advice; or
  - if the Chair was unavailable or refused to give such approval, the Board gave prior approval to the obtaining of the advice.
2. The advice must be made available to all Directors.

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### Induction and Training

1. The Board must provide an induction process for new Directors.
2. All Directors are required to display appropriate skills and knowledge of governance, Directors' roles and responsibilities. The Company encourages Directors to update and enhance their skills and knowledge.

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### Access to Company Information

1. All Directors have direct access to the Company Secretary.
2. Directors are entitled to access KA information and documentation that will enable them to discharge their role as Directors of the Company. It is expected that requests for information will be kept at a sufficiently high level to fulfill oversight responsibilities without getting involved in the transactional detail which is the responsibility of management.
3. Directors will adhere to the following protocol when seeking information:
  - Approach the CEO to request the required information providing a reason for wanting to access the information.
  - If the information is not forthcoming within a reasonable time, discuss with the Chair.
  - If the information is still not forthcoming, write a letter to all Directors and the CEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information.
4. When considering an application from a Director to access KA information, other than Board papers, the CEO or Chair may ask the Director for the reason for their request to establish that the information is required for a proper purpose.

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### Insurance and indemnity

Deeds should be entered into between Directors severally and the Company, recording arrangements on indemnification, insurance and access to Company documents and independent legal advice at the Company's expense.

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### Board Performance

1. The Board will undertake performance evaluations on a regular basis that:
  - reviews the performance of the Board against the requirements of this Charter;
  - reviews the performance of the Board Committees against the requirements of their respective Terms of Reference; and
  - reviews the individual performances of the Chair, the Chief Executive Officer, the Directors and the CIK Delegate.
2. The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, is the responsibility of the Chair.

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### Conduct of Meetings

1. Frequency
  - The Board shall meet as often as deemed necessary, and at a minimum in compliance with the Constitution.
  - Meetings, including those additional to the timetable, are called by the Chief Executive Officer as directed by the Board or the Chair and any Director may request the Chief Executive Officer to call a meeting.
2. Method of Meeting

- Meetings are either in person or by electronic medium, including teleconference, or combination, as consented to by all the Directors.
  - The location and time of the meeting will be advised in the Meeting Agenda prior to each meeting.
3. Attendance
- All Directors are expected to attend all Board meetings
  - If any Director misses three Board meetings in a row without good explanation, then their position will be treated as a casual vacancy.
  - The CIK Delegate will be invited to attend Board meetings (when deemed relevant and appropriate by the Chair);
  - The Company Secretary must attend all Board meetings (where practicable);
  - The Chief Executive Officer shall attend all Board Meetings (where appropriate);
  - The Minutes will record on each occasion the names of those present and those absent and where a person is present for only part of a meeting, the time when that person was present.
4. Chair
- If the Chair is not available within ten (10) minutes after the time appointed for holding the meeting or declines to act for the meeting or part of the meeting, one of the other Directors shall Chair the meeting or part of it.
5. Quorum
- A quorum at a meeting of the Board is a simple majority of Directors present in person (cl 15.4).
  - The quorum must be present at all times during the meeting.
6. Agenda
- The CEO in consultation with the Chair, is responsible for preparing an agenda for each KA Board meeting.
  - any Director may request items or notices of motion be added to the agenda for upcoming meetings. This request should be made in writing to the Chair and copied to the CEO.
  - The Chair is to ensure that meeting content will be only those issues, that according to this Charter, clearly belong to the KA Board to decide.
  - The Agenda for each Board meeting may set a regular session for private discussion by Directors, who may invite any person to attend in whole or in part.
7. Board Papers
- The CEO is responsible for the preparation and circulation of Board papers. However, where a Director or Committee is making a recommendation to the Board, a Board paper will need to be completed for submission to the CEO.
  - The Chair should vet papers or any other information supporting each draft agenda item to ensure they adequately inform the debate, add to the discussion and help Directors to reach a decision. Effective papers should have the right balance between data and detail, analysis and insight, drawing on relevant expertise. They should be written succinctly, follow a consistent format and clearly identify the issues, stating the resolution recommended.
  - The Board agenda and supporting agenda papers shall be distributed to all Directors where possible at least five (5) days prior to the relevant meeting, and it is an agreed expectation that all circulated papers are read prior and Directors attend the meetings with opinions and recommendations formed.
  - If the Board paper relates to a matter in which there is a known conflict of interest with a particular Director, the relevant Board paper will be removed by the CEO, on the instructions of the Chair, from the set of Board papers sent to that Director. In the case of the Chair having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chair.
  - The Secretary should maintain a complete set of Board papers for Corporations law purposes. Individual Directors may also retain their own Board papers in a secure location.
8. Decision making
- Each Director shall be entitled to one (1) vote on each resolution at Board meetings. A resolution must be supported by a majority of votes cast by those present and entitled to vote. The person presiding does not have a casting vote. A tied vote shall be deemed to be resolved in the negative.
  - The Board may pass a resolution without a Board meeting being held if the majority of all the Directors entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution. Separate documents may be used for signing by Directors if the wording of the resolution and statement is identical in each copy. The resolution is passed when the last Director signs and shall be noted at the following scheduled Board meeting.
  - If email resolutions are required, the relevant resolution shall be passed if the majority of all the Directors entitled to vote on the resolution send an email containing a statement that they are in favour of the resolution; and when the last Director votes on the resolution. The resolution shall be noted at the following scheduled Board meeting.

## 9. Minutes

- Minutes of meetings of the Board and resolutions of the Board must be prepared by the Minute Secretary as soon as reasonably possible following the meeting. Minutes will then be circulated to all Directors and confirmed at the next subsequent meeting of the Board.
- Where votes are taken by the Board, votes and abstentions will be included in the Minutes.
- The Minutes are the official record of proceedings and resolutions of the meeting.
- Upon the confirmation of the Minutes, the Chair will sign a copy as a true and correct record and the Minutes will be filed in the Minute Book Register.
- Minutes of meetings of the Board are to be distributed to the Directors, the Chief Executive Officer, and the Company Secretary. The minutes are confidential and are not to be distributed to any other party without the approval of the Board.

## 10. Company Secretary

- The Board must appoint a Company Secretary, or another person who is not necessarily the Company Secretary, to act as Minute Secretary of the Board and attend meetings of the Board as required.

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### Confidentiality

Every person, the Directors, Chief Executive Officer, Company Secretary, auditors, solicitors, all officers, agents and staff of the company shall be bound to observe strict confidentiality.

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### Committees

1. The Board may delegate any of its powers consistent with the Constitution to a Committee as well as other advisers and consultants as they think fit.
2. Such Committees have no decision-making power in their own right and are bound to follow their terms of reference and report and make recommendations to the Board of Directors. The Board is not bound to follow such recommendations.
3. Currently, the standing Committees are:
  - National Safety Committee
  - National Officials Committee
  - Vintage Karting Committee

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### Conflicts of Interest

#### Independence and Potential Conflict

1. The effective management of conflicts of interest is critical to minimise potential reputation or brand damage, and stress or damage to an individual, the Board or KA as a whole.
2. Having regard to these guidelines, the Board works on the assumption that a Director is effectively independent. He or she is not a member of Management and is free of any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of KA (which is the statutory obligation of each Director). The Board will assess the materiality of any given relationship that may affect independence on a case-by-case basis.
3. Each Director's independence is assessed by the Board on an individual basis, focusing on an assessment of each Director's capacity to bring independence of judgment to Board decisions. In this context, Directors are required to promptly disclose their interests in contracts and other directorships and offices held and associations that might be perceived to represent a conflict with their duties as officers of KA.
4. Identification of a potential conflict is paramount. A conflict may exist because of:
  - Personal interests, particularly but not exclusively involving personal gain or the potential for personal gain.
  - Organisational interests, particularly but not exclusively where a Director may have to consider the same matter within a different organisational setting.
  - Other commitments or arrangements individuals have, within and outside KA or karting in general.
  - Private or personal interests include gaining any possible advantage for himself, his family, relatives, friends and acquaintances.
5. It is possible for a Director to have a pre-existing potential conflict which is only recognised by the individual (and potentially by others) when a relevant matter is raised in a meeting or after a meeting. The key requirement is that the individual should notify the Chair as soon as he or she becomes aware of the conflict or potential conflict.
6. A guiding principle of the Board is that it is critical to manage not just a conflict of interest but also the perception that there is or may be a conflict of issue.
7. Accordingly, the ability for any or all of the Directors to raise the issue of conflict at any stage is encouraged.
8. On becoming aware of a conflict or potential conflict the Chair should invoke the Conflict of Interest Management Process.

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### Conflict of Interest Management Process

1. KA manages conflict of interest through three key Conflict of Interest Management Processes, as follows:

#### Process 1:

1. The Chair will provide all Board members the opportunity at the start of each Board meeting to declare any conflict or raise any concerns regarding perceptions of conflict that have arisen or may arise in the course of tackling the agenda for that meeting.
  - This item is a standing Agenda item for each Board meeting.

#### Process 2:

1. On being advised of a potential conflict, the Chair acting on the advice of the Board then decides whether:
  - A conflict exists, and it is substantial enough to require further action about, and
  - Whether the Director needs to step out from the meeting / discussion, or whether the meeting/Board would benefit from the person remaining, and
  - Any other action needed.
2. Options include allowing the person with the conflict to remain in the meeting but not vote and also the option of remaining in the room, speaking on the issue but not voting. It may be enough that a conflict is declared and recorded, and that Director does not speak or vote on the matter.
3. Whatever action is taken to manage the conflict needs to be recorded in the minutes clearly and transparently.

#### Process 3:

1. For ongoing matters where a Director has a standing conflict, the Chair should make appropriate arrangements with the Director and others to ensure there is no impact from the conflict.
2. This should be recorded in the minutes at each meeting.
3. If the discussion of a conflict of interest involves the Chair, then an Acting Chair needs to be appointed by the rest of the Board to manage the discussion.

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### Execution of Documents

1. The Board must execute a document or deed under of the Corporations Act 2001, by authorising the signing of the document or deed in one of the following ways:
  - Seal to be affixed in accordance with a resolution of the Board, and in the presence of two (2) Directors;
  - A document may be executed without using a common seal if the document is signed by two (2) Directors not interested in the contract or arrangement to which the document relates.

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### Staff Attendance at Board Meetings

1. With the exception of the Chief Executive Officer and the Company Secretary, staff are not required to attend Board meetings, except as invited from time to time to report on matters arising, or to be available for consultation.
2. The Board respects the value of staff member's time and other commitments and therefore does not expect staff to be available without prior arrangement or at least reasonable notice.

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### Changes to this Charter

1. No changes to this Charter shall be made without the approval of the Board.
2. The Charter will be reviewed to incorporate any relevant changes to the Constitution.
3. The Charter is a living document. The Charter will be regularly reviewed and updated to reflect changes in the environment in which KA operates, and amendments and developments in policies and procedures.